

CONFIDENTIAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Navajo Tribal
AL # 1
CASE NO. 3067

APPLICATION OF TEXACO INC., FOR
CREATION OF A NEW PENNSYLVANIAN POOL
IN SAN JUAN COUNTY NEW MEXICO, AND
FOR PROMULGATION OF SPECIAL FIELD RULES
AND REGULATIONS IN CONNECTION THEREWITH
INCLUDING PROVISIONS FOR TEMPORARY 80-ACRE
PRORATION UNITS, FIXED WELL LOCATIONS WITHIN
SUCH UNITS, A GAS OIL RATIO OF 4000 TO 1,
AND OIL ALLOWABLE FACTORS FOR PRORATION PURPOSES

APPLICATION

Texaco Inc., a Delaware corporation, authorized and licensed to do
business in New Mexico, hereinafter called "Applicant" for its application
herein represents unto this Commission, as follows:

1. Applicant is the owner and operator of certain oil and gas leases
wherein the Navajo tribe of Indians is the lessor, which said oil and gas
leases cover Sections 27, 28, 33 and 34, Township 26 North, Range 18 West,
San Juan County, New Mexico, and Sections 3 and 4, Township 25 North, Range
18 West, San Juan County, New Mexico.

2. Applicant has completed a well located 1980 feet from the north
line and 660 feet from the east line of Section 28, Township 26 North, Range
18 West, San Juan County, New Mexico, which well encountered a Tocito Dome
Pennsylvanian formation productive of oil at a depth of 6,272 feet. Informa-
tion available from the drilling of said well indicates that it is completed
in a reservoir which contains a common accumulation of crude petroleum oil
and which is completely separated from any other such accumulation. Applicant
believes and represents that the common accumulation of oil contained in the
reservoir is a separate and individual pool.

3. The information available from the drilling of the well described
above indicates that the reservoir from which said well will produce can be
efficiently and economically drained and developed on 80-acre proration
units. Such information further indicates that the drilling of more than

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Date 6-1-64

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1 one well on each 80-acre proration unit will result in the drilling of un-
2 necessary wells and economic loss therefrom and also will result in the
3 augmentation of risks arising from the drilling of an unnecessary number
4 of wells. Such evidence further indicates that the reservoir from which
5 the well is producing underlies the premises described in paragraph 1 above.

6 4. Due to the unusual reservoir characteristics encountered in the
7 proposed pool a gas and oil ratio of less than 4000 cubic feet of gas for
8 each barrel of oil produced would severely penalize wells in the pool and
9 tend to make them uneconomic, and would further tend to restrict proper
10 development of the pool causing waste.

11 5. In order to maintain a uniform well spacing pattern which will
12 adequately protect the correlative rights of all owners of oil and gas
13 within the area to be spaced, each well completed in the proposed reservoir
14 should be located on a standard unit containing 80 acres, more or less,
15 consisting of the $N\frac{1}{2}$ $S\frac{1}{2}$ $E\frac{1}{2}$ or $W\frac{1}{2}$ of a single governmental quarter section.
16 Each standard proration unit should be assigned an 80-acre proportional
17 factor of 2.77 for allowable purposes.

18 6. In order that all available information relative to effective
19 drainage, workable reserves and other reservoir characteristics may be
20 obtained, temporary special field rules and regulations should be established
21 for a one-year period, during which time each operator in the pool should be
22 granted permission to conduct interference tests in wells completed within
23 the reservoir, and to permit adequate interference tests each operator should
24 be permitted to transfer allowables from one producing well to any other well
25 or wells on the same lease.

26 7. Insofar as known to Applicant those persons owning oil and gas
27 leases within one mile of the requested outer boundaries of the pool
28 are:
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1 Sinclair Oil & Gas Company
2 3010 Monte Vista, NE
3 Albuquerque, New Mexico

4 Pan American Petroleum Corporation
5 P. O. Box 480
6 Farmington, New Mexico

7 Fletcher Oil Company
8 24721 South Main
9 Wilmington, California

10 WHEREFORE, Applicant requests this Commission to enter its order,
11 designating a Tocito Dome Pennsylvanian Oil Pool from which the well described
12 above is producing in San Juan County, New Mexico, and establishing and
13 promulgating temporary one year special field rules and regulations governing
14 the production of oil and gas therefrom, as follows:

15 (a) Establishing 80-acre standard proration units for each pool, each
16 unit to consist of the $N\frac{1}{2}$ $S\frac{1}{2}$ $E\frac{1}{2}$ or $W\frac{1}{2}$ of a single governmental quarter section.

17 (b) Requiring the well drilled in each standard proration unit to be
18 located within 150 feet of the center of the $NW\frac{1}{4}$ or $SE\frac{1}{4}$ of any quarter section.

19 (c) The Secretary-Director of the Commission may grant an exception to
20 the footage requirements of paragraph (b) above without notice and hearing when
21 an application has been filed for an unorthodox location necessitated by
22 topographical conditions or the recompletion of a well previously drilled to
23 another horizon. All operators offsetting the proposed unorthodox location
24 shall be notified of the application by registered or certified mail, and the
25 application shall state that such notice has been furnished. The Secretary-
26 Director may approve the application upon receipt of written waivers from all
27 offset operators or if no offset operator has entered an objection to the un-
28 orthodox location within twenty (20) days after the Secretary-Director has
29 received the application.

(d) That a standard proration unit be assigned an 80-acre proportional
factor of 2.77 for allowable purposes.

1 (e) That the gas oil ratio for the proposed pool be 4000 cubic feet of
2 gas for each barrel of oil produced.

3 (f) That the Secretary-Director be authorized to approve interference
4 tests and the transfer of allowables between wells producing from this pool
5 on the same lease.

6 (g) Making such further provisions with regard to the production of
7 oil and gas from said reservoir as may be necessary.

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9 TEXACO INC.

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11 By _____

12 Its Attorneys
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